



2013 Budget Review

CITY COUNCIL

MINUTES October 20, 2012 9:00 AM

COUNCIL MEMBERS PRESENT:

J. Waltman, D. Reed, S. Marmarou, R. Corcoran, M. Goodman-Hinnershitz, D. Sterner

OTHERS PRESENT:

L. Kelleher, D. Cituk, M. Bembenick, C. Younger, C. Zale, C. Snyder, H. Tangredi, E. Lloyd, L. Murin

Mr. Corcoran called the meeting to order at 9:07 am. He announced that Mr. Acosta is officiating at a wedding today.

Administrative Services

Mr. Bembenick distributed the handout for the budget book. He stated that Administrative Services Department (ASD) holds five Divisions: Accounting/Finance, HR, IT, CSC and Purchasing. He stated that his Department plans the following initiatives in 2013:

- Implementing a system that will create a charge back for the services provided by the Department
- Strengthening the procurement processes
- Creating a defined contribution plan for new employees
- Developing a standards manual for finance and accounting
- Create a revenue committee that will work throughout the year to review revenues that are collected.

Mr. Bembenick stated that these initiatives are either listed in the Recovery Plan or the external audit findings. He stated that the ASD's 2012 budget allocation was \$4.4M. The 5% reduction requires the elimination of \$577.627, which will require the elimination of five (5) fulltime employees and change full-time employee to a one part-time employee. The part-time employee is in the Purchasing area and the other five employees are in the CSC: three Municipal Aides and the Billing Manager (Note the former billing manager was promoted to

CSC Manager; therefore the Billing Manager position is unfilled). He stated that the postage expense is also being reduced by \$35K. He stated that we will be moving from first class mail to bulk pre-sort.

Ms. Kelleher stated that moving to bulk pre-sort will be challenging as the City no longer has the mail room staffed for more than an hour or two each day.

As the cuts in the CSC are union positions, the bumping process will begin. The group discussed the need to make sure the remaining spots are filled by qualified people.

Mr. Bembenick stated that in IT the web developer position will be eliminated and a reduction in the number of PCs to be replaced next year will be reduced by half (total of 45). Mr. Tangredi stated that when PCs are not replaced in a timely manner they become problematic, breakdown, etc. Ms. Kelleher reminded Mr. Tangredi that her computer was to be replaced in the next round.

Mr. Bembenick stated that the part-time employee in Purchasing is being eliminated and Office Supplies is being reduced by \$32K and General Plant is being reduced by \$177K. Ms. Kelleher noted that these cuts will be difficult to manage, as the various offices and division budgets are drastically reducing their General Plant areas to cope with the required reductions (the original 5% and a new directive to cut another 6-7%). She noted that offices and divisions use General Plant to purchase area specific items and toner for printers.

Mr. Bembenick stated that the City uses an exorbitant amount of toner. This area is under scrutiny. Ms. Goodman-Hinnershitz suggested reducing paper expenses by moving further in the paperless area.

Mr. Bembenick stated that one Payroll Clerk is being eliminated and ADP has agreed to delay billing of the E Time payroll system, which will be used to closely monitor overtime, until 2012 which saves \$72K.

Mr. Bembenick stated that in HR the Diversity Officer will be eliminated; this function will be handled by the HR Manager. The Operations Analyst position is also eliminated. Two positions are being created at reduced salaries: HR Generalist and Program Coordinator. The HR Manager believes these shifts will be beneficial.

Mr. Cituk suggested restoring Floater positions that are cross trained in various areas and can fill in for Payroll, Pension, Accounts Payable, etc. He stated that there is currently one person filling each of those positions, which creates problems during illness or vacation or times when workload increases.

Non-Departmental

Mr. Bembenick stated that the following expenses are allocated in one line item:

- Debt Service \$12.8M
- Contingency \$500,000
- Rec Commission \$488,000
- EIT Collection \$277,912
- Unemployment \$150,000
- Library \$100,000

The **Self Insurance** expenses are as follows:

- Worker's Comp Claims \$1.4M
- Premium Payments \$843,000
- Incurred Liability \$674,000
- Water/Sewer Breaks \$ 50,000
- Bond Security \$ 40,000

Mr. Cituk inquired about the \$1.3M increase in Self Insurance. Mr. Zale stated that this is a correction, as it was under allocated in prior years. He noted that Ms. Hoag believes \$600,000 should be allocated to Sewer.

Ms. Snyder expressed the belief that approximately \$600,000 could be trimmed in this area.

Other

Mr. Waltman expressed the belief that going through the various areas is a good exercise; however, he stated that the reductions noted thus far are unworkable. He stated that when revenues are properly finalized, Council and the Administration will need to decide what areas should be restored.

Ms. Snyder distributed a new Budget Review schedule. She stated that Mr. Mann is currently reviewing the budget, is re-evaluating the EIT projection in the Recovery Plan and plans to speak to the DCED regarding the amendment of the Recovery Plan. Mr. Mann will be prepared to meet with Council on October 31st.

Ms. Reed stated that at the Act 47 meeting this past Thursday Mr. Mann explained that the role of the Act 47 Coordinator is guidance and oversight. She stated that a take-over approach is used only when receivership occurs.

Ms. Snyder stated that next Saturday a summary of reductions and impacts will be presented.

Mr. Corcoran noted the need for the group to consider what the City can afford rather than what the City needs, as the City cannot afford some needs.

Mr. Waltman noted the need to step through the finalized revenues to expenditures can be further explored and considered. He noted that last year the budget was finalized about a week in advance. He stated that the budget actions presented do not work. He stated that he can agree with reasonable cuts but not slitting throats.

Ms. Goodman-Hinnershitz noted the need for reform of state statutes. She stated that the fact that cities do not exit from Act 47 speaks loudly to this issue. She suggested speaking with the local State legislators.

Ms. Snyder noted that an additional \$60,000 was discovered, as the City is eligible for rebates for the new efficient traffic signals.

The meeting recessed at 10:22 am and reconvened at 10:30 am.

Managing Director

The budget book materials were distributed.

Ms. Snyder stated that she attended a township managers luncheon this past Thursday and the group discussed working with the City and partnering on initiatives. She stated that she was encouraged by the discussion, as suburbia cannot exist without the urban core.

Ms. Kelleher suggested that Ms. Snyder consider offering Codes Services to surrounding municipalities. She stated that the surrounding municipalities are developing rental home problems and are beginning to adopt ordinances similar to those used in Reading. She expressed the belief that our Property Maintenance Department has come a long way and has started to successfully managing the housing stock here and that experience would serve the surrounding municipalities well.

Ms. Snyder reviewed her budget. She stated that the three (3) positions will be retained to assist her in driving the initiatives for 2013 such as continued focus on housing initiatives, improvement in fiscal health, begin Comp Plan, begin performance management system, and improve communication with residents. She noted the new timeline to complete the Consent Decree for the wastewater treatment plant project.

Ms. Snyder stated that she made major changes in her Contracted Services area. She stated that originally she planned on hiring a communications specialist; however that position has since been eliminated. She stated that the original figure of \$66K covered \$10K for the services of John Kromer from Fels (the remaining expense was paid through private foundations), \$25K for the Pagoda Manager, and \$25K for the PLM. She stated that the new figure of \$80K is the expense for the Comp Plan which is funded by a DCED Grant.

Ms. Goodman-Hinnershitz noted the need for further discussion on the Pagoda Manager, as the Pagoda reimbursed some of this expense through revenue earned.

Budget Review Meetings

The group will continue budget discussions on Wednesday, October 24th at 4:30 pm. The meeting adjourned at approximately 11:05 am.

*Respectfully submitted by
Linda A. Kelleher CMC, City Clerk*